

Needham Finance Committee
Minutes of Meeting of March 26, 2014

The meeting of the Finance Committee was called to order by the Chair, Richard Lunetta, at approximately 7:00 pm at the Town Hall.

Present from the Finance Committee:

Richard Lunetta, Chair; John Connelly, Vice Chair

Members: Richard Creem (arrived 7:50 pm); Louise Miller, Richard Reilly, Lisa Zappala

Also present:

Kate Fitzpatrick, Town Manager

David Davison, Assistant Town Manager/Finance Director

Dan Matthews, Chairman, Board of Selectmen

Patricia Carey, Director of Park and Recreation Department and Staff Liaison to Community Preservation Committee

Janet Carter-Bernardo, Chairman, Community Preservation Committee

Citizen Requests

There were no requests to address the Committee.

Approval of Minutes of Prior Meetings

MOVED: By Mr. Reilly that the minutes of March 5, 2014 be approved as distributed. Mr. Connelly seconded the motion. The motion was approved by a vote of 5-0. (Mr. Creem had not yet arrived.)

2014 Annual Town Meeting Draft Warrant Articles

Article 5 – Establish Elected Officials' Salaries

Ms. Fitzpatrick stated that the article includes a 2.5% salary increase for the Town Clerk, consistent with the increase for all non-represented employees.

MOVED: By Ms. Miller that the Finance Committee recommend adoption of 2014 Annual Town Meeting Draft Warrant Article 5 – Establish Elected Officials' Salaries. Ms. Zappala seconded the motion. The motion was approved by a vote of 5-0.

Article 25: Amend General By-Law- Private Ways

Mr. Matthews stated that the text of the article is being changed in order to include the whole text of the by-law section as proposed, not just the language being added. He stated that the Town needs to be able to make some repairs on private ways so that the roads can be plowed safely. A few years ago, the Town made changes to the by-law to allow such repairs. When the

new by-law was reviewed by the Attorney General's office, the AG recommended that the by-law be clarified so that the Town would not be liable for damages when it made the repairs on private ways. This change will not change rights or liability, but will clarify the rights of the Town and the property owners on private ways. Mr. Reilly asked if some but not all of the property owners petitioned for repair work, whether only the petitioners would have to pay for the work. Mr. Matthews stated that they would, though the petitioners could seek payment from the other property owners. Mr. Matthews stated that the language is boilerplate, and is just being added because the AG's office requested the change. Ms. Miller stated that the way the proposed by-law is written, if only 60% of the abutters petition for repairs, then only 60% of the cost will be recovered by the Town. Mr. Matthews suggested a change so that the sentence: "The reimbursement amount shall be equal to the pro rata share of the cost of the repairs based on the ratio that each petitioner's frontage bears to the total frontage on the private way" should be changed to read, "The reimbursement amount shall be equal to the pro rata share of the cost of the repairs based on the ratio that each petitioner's frontage bears to the frontage of the petitioners on the private way." That way the Town can collect 100% of the cost of the work from petitioners. Mr. Reilly stated that the by-law is confusing about reimbursement when the repair costs less than \$300. Mr. Matthews proposed that the sentence, "If the cost of repairs does not exceed \$300, no petition will be required and the abutters will not be required to reimburse the Town" should be changed to state: "If the cost of repairs does not exceed \$300, no reimbursement to the Town will be required."

MOVED: By Mr. Connelly that the Finance Committee recommend adoption of 2014 Annual Town Meeting Draft Warrant Article 25 – Amend General By-Law – Private Ways, amended pursuant to the preceding discussion. Mr. Reilly seconded the motion. The motion was approved by a vote of 5-0. (Mr. Creem had not yet arrived.)

Article 27 - Amend General By-Law - Municipal Water Supply

Mr. Matthews stated that the reference to repairs was removed. Ms. Fitzpatrick stated that the plan with the DEP does not require that moisture sensors be added in the case of repairs, so that part has been excluded. She stated that the Town is required to encourage adding moisture sensors, so that provision was left in the proposed by-law.

MOVED: By Mr. Reilly that the Finance Committee recommend adoption of 2014 Annual Town Meeting Draft Warrant Article 27 – Amend General By-Law – Municipal Water Supply. Mr. Connelly seconded the motion. The motion was approved by a vote of 5-0. (Mr. Creem had not yet arrived.)

Article 28 - Amend General By-Law – Sign By-Law (Electronic Billboards)

Mr. Matthews stated that the Board of Selectmen placed Article 28 in the warrant as a courtesy to Mr. Cramer's client, but made clear that the Board would review it further before it would determine whether or not to support the article. He stated that the Planning Board and the

Design Review Board are still reviewing it. He stated that the Planning Board has asked the Selectmen not to vote on the article until the Planning Board has finished its review.

Mr. Matthews stated that at the March 18 public hearing, there were different opinions. The business community supported the change, while others objected based on the aesthetics. He stated that the arguments in support of the article are based on the expected revenue. He stated that the proposed by-law is consistent with state regulations providing for a minimum of 1000 feet between billboards near the highway. He stated that the language is broader than to just allow electronic billboards adjacent to Route 128, and would allow the billboards anywhere in the business area. He stated that the petitioner wants to do this because he rented some property within 1,000 feet of an MBTA right away, so if the MBTA puts up a billboard, the 1,000-foot restriction will preempt him from placing a billboard on his leased property. The MBTA does not need to get approval from the Town to put up a billboard. Mr. Matthews stated that the petitioner would have an obligation to show public service announcements. Mr. Matthews stated that since the public hearing, he has concluded that this should not be done now. Instead, the Town should consider spending \$15 or \$20 thousand to study the implications. He stated that the billboards could possibly bring in \$500 thousand per year. He stated that the Town needs to consider using its own land and putting up signs for higher fees. He stated that he is not concerned about the MBTA putting up signs against the wishes of the Town since it has a good relationship with the Town. He stated that he does not consider public service announcements along Route 128 to be a big plus, and that there is not a big downside to deferral. He stated that the Board of Selectmen has not voted, but that is his sense of where the issue is headed. Mr. Connelly stated that hiring a consultant is a good idea. Something this important should not be rushed. He stated that he has the feeling that the petitioner would be making much more money than the impact fee, but he would like an independent opinion. Mr. Reilly asked about the restrictions on signs on buildings in the business area. Ms. Fitzpatrick stated that they must follow the sign by-law. Ms. Fitzpatrick stated that the Board may want to include an article in the Special Town Meeting warrant to fund a consultant to study this issue. Ms. Zappala stated that the Finance Committee should defer action on the article.

Article 30 – Amend District Agreement – Minuteman Regional Vocational School District

Mr. Matthew stated that the Minuteman district has some governance issues, though it has a good educational program. He stated that the building is over 45 years old and needs replacing. He stated that the school is working with the MSBA, and is currently expecting about 40% reimbursement, but he thinks it will be higher. He stated that, under the current district agreement, all member towns have equal voting power, but they pay according to enrollment. One town with 1% of the enrollment has the same voting power as another town that has greater than 30% of the enrollment. He stated that it has been a long process, and that this proposal is probably the best, though it did not achieve everything he sought, particularly a mechanism which would allow a member community to pay its bills and share of the capital expenses and then leave the district. The Department of Elementary and Secondary Education (DESE) required that there be a mechanism for the other communities to object to one leaving.

Mr. Matthews stated that the main changes to the district agreement are: the capital expenses are divided according to a new formula, with a minimum 1% share; the operating assessments will

use a 4-year rolling average to smooth out costs for communities; and voting will be weighted in part on enrollment. He stated that there will also be a more workable process to allow dissenting towns out of the district. Currently, for a member to leave, the district agreement must be amended, which requires a unanimous vote of all town meetings in the district. Now a community can get out with a capital bond. A community could be blocked from leaving under the new agreement if half of the members vote to disapprove.

Mr. Matthews stated that there will not be much financial impact for Needham with the new capital assessment formula, which considers enrollment and wealth. Under the new formula, the Town would pay approximately \$1,100 more for each \$1,000,000 of cost. He stated that Minuteman is working with the MSBA, but if the capital project is held up, the Superintendent will need to use the operating budget for emergency repairs. Mr. Lunetta asked how many towns would be expected to leave the district if the agreement is amended. Mr. Matthews stated that about half of the towns are upset because their voting representation will decrease. He stated that if enrollment is less than 5 students, it is imputed to be 5. He stated that the low enrollment towns are most likely to leave. Since Dover has had an average of 1.5 students, he expects that the town will vote to approve the amended agreement this spring, and will also vote to leave the district. Mr. Matthews stated that the hope is that the new agreement will encourage some non-member communities to join since voting will be tied to the enrollment, and there will be a fair system for leaving the district. Mr. Reilly asked what is contemplated by the requirement for "reasonable notice" to be provided before a community leaves the district. Ms. Fitzpatrick stated that the notice requirement is three years prior to the desired withdrawal date. Mr. Matthews stated that DESE may not approve of a withdrawal, but that would likely only happen if it would destabilize the district. Ms. Fitzpatrick stated that the towns that leave the district are likely to continue to send students to the school and to pay the non-member tuition, since they are satisfied with the education. Ms. Zappala stated that approving of these changes is the only way the school system is going to work. She stated that Needham has a vested interest because of the number of students that are enrolled, since it offers a great option. Mr. Lunetta asked what would happen if a group of communities leave, and others do not join. Mr. Matthews stated if the district was reduced from the current 16 members to the 9 communities with highest enrollment, it would reduce the number of students only by about 10 students, which would not affect operating costs much. He stated this could cause trouble with the distribution of capital costs. He stated that they would need to include a capital assessment or building fee with the tuition. Ms. Zappala stated that it has been a long, excruciating process, and would take years to start the process again.

MOVED: By Mr. Connelly that the Finance Committee recommend adoption of 2014 Annual Town Meeting Draft Warrant Article 30 – Amend District Agreement – Minuteman Regional Vocational School District. Ms. Zappala seconded the motion.

DISCUSSION: Mr. Reilly asked whether there is any situation when the costs would be dramatically higher for the Town under the new formula. Mr. Matthews stated that the new formula applies only to capital costs. The only change for tuition will be the change to a rolling 4-year average which will just smooth out costs. Mr. Matthews stated that he did an analysis of the capital costs under the new formula. He stated that 50% of the allocation is based on

enrollment, and 34% is based on relative wealth. He stated that it is a wealthy group of communities, so that will not have a major impact. He stated that the remaining 16% of the capital costs will be a base 1% charge per community. The net effect of the changes will not be significant for Needham.

VOTE: The motion was approved by a vote of 5-0. (Mr. Creem had not yet arrived.)

Article 36: Rescind Debt Authorizations

Mr. Davison stated that there are two outstanding debt authorizations that the Town is seeking to rescind because the obligations have been satisfied, the debts paid, and there is no reason for the additional authorizations to continue. He stated that they are for small amounts totaling \$47,800.

MOVED: By Ms. Miller that the Finance Committee recommend adoption of 2014 Annual Town Meeting Draft Warrant Article 36: Rescind Debt Authorizations as shown in the article. Mr. Reilly seconded the motion. The motion was approved by a vote of 5-0. (Mr. Creem had not yet arrived.)

Executive Session

Mr. Lunetta stated that the discussion regarding collective bargaining may have a detrimental effect on the Town's negotiating position if held during an open meeting.

MOVED: By Mr. Connelly that the Finance Committee enter into Executive Session under Exception (3) of the Open Meeting Law, in order to discuss strategy with respect to collective bargaining or litigation since the chair has declared that an open meeting may have a detrimental effect on the bargaining position of the town.

VOTE: The motion was approved by the following roll-call vote: Ms. Miller: yes; Ms. Zappala: yes; Mr. Lunetta: yes; Mr. Reilly; and Mr. Connelly: yes.

The Committee moved into Executive Session at approximately 7:50 pm. The Committee resumed the Open Session at approximately 8:10 pm.

Article 31: Appropriate Ridge Hill Boardwalk and Bridge Replacement

Ms. Bernardo stated that the Community Preservation Committee (CPC) voted to support Article 31 in the amount of \$213,219 from the Open Space Reserve. She stated that \$30,000 was added to the project cost to provide handrails on one side of the structures. Ms. Carey stated that the CPC plans to have an alternative bid document for the project in composite materials vs. pressure-treated lumber. She stated that the composite is likely too expensive, but they will collect bids.

MOVED: By Ms. Zappala that the Finance Committee recommend adoption of 2014 Annual Town Meeting Draft Warrant Article 31: Appropriate Ridge Hill Boardwalk and

Bridge Replacement in the amount of \$213,219 from the CPA Open Space Reserve. Mr. Reilly seconded the motion.

DISCUSSION: Ms. Miller noted that the \$100,000 of funds being added from the Conservation Commission originally came from CPA funds, so that \$313,219 of funds collected under the CPA are being used.

VOTE: The motion was approved by a vote of 4-2, with Ms. Miller and Mr. Connelly dissenting.

Article 32: Appropriate for Town Common Historic Redesign

Ms. Bernardo stated that the CPC voted in favor of Article 32 in the amount of \$20,000 from the Open Space Reserve for the design work. She stated because the Blue Tree is being replaced, so the area will be redesigned with the new tree as part of that design. Ms. Fitzpatrick stated that the ongoing streetscape program will affect the front of the Town Common. Chapter 90 funds are being used for the streetscape project and cannot be used for the work on the Common. All of the projects will mesh together.

MOVED: By Mr. Reilly that the Finance Committee recommend adoption of 2014 Annual Town Meeting Draft Warrant Article 32: Appropriate for Town Common Historic Redesign in the amount of \$20,000 from the CPA Open Space Reserve. Ms. Zappala seconded the motion. The motion was approved by a vote of 6-0.

Article 33: Appropriate for Memorial Park Improvements

Ms. Bernardo stated that the CPC voted in support of Article 33 in the amount of \$35,000 to study and design the project to restore the field at Memorial Park that has drainage problems. She stated that this article will not cover construction.

MOVED: By Ms. Miller that the Finance Committee recommend adoption of 2014 Annual Town Meeting Draft Warrant Article 33: Appropriate for Memorial Park Improvements in the amount of \$35,000 for design work only from the CPA Open Space Reserve. Mr. Reilly seconded the motion.

DISCUSSION: Mr. Creem stated that he would reluctantly vote in favor of the article. He stated that he is troubled that the Town has responsibility to continually fix aspects of the Field of Dreams project. He stated that he is unsure where the lack of quality control happened. He stated that it is important for the Town to make sure projects are built to its standards, and that requirements should be imposed from the start.

VOTE: The motion was approved by a vote of 6-0.

Article 34: Appropriate for Vital Records Preservation

Ms. Bernardo stated that the CPC voted to support Article 34 in the amount of \$52,500 from the Historic Reserve for the project to protect Town vital records.

MOVED: By Ms. Zappala that the Finance Committee recommend adoption of 2014 Annual Town Meeting Draft Warrant Article 34: Appropriate for Vital Records Preservation in the amount of \$52,500 from the CPA Historic Reserve. Ms. Miller seconded the motion. The motion was approved by a vote of 6-0.

Article 35: Appropriate to Community Preservation Fund

Ms. Fitzpatrick stated that \$82,000 will be appropriated for administrative expenses of the CPC. She stated that the following allocations will be made to reserves: Community Preservation Annual Reserve: \$1,272,117; Community Housing: \$258,060; Historic Resources: \$0; Open Space: \$258,060.

MOVED: By Ms. Miller that the Finance Committee recommend adoption of 2014 Annual Town Meeting Draft Warrant Article 35: Appropriate to Community Preservation Fund in the amounts of: \$82,000 for administrative expenses; \$1,272,117 to Community Preservation Annual Reserve; \$258,060 to Community Housing Reserve; \$0 to Historic Resources Reserve; and \$258,060 to Open Space Reserve. Ms. Zappala seconded the motion. The motion was approved by a vote of 6-0.

Article 12- Appropriate the RTS Enterprise Fund FY 2015 Budget

Ms. Miller stated that there is a request for an additional staff person, and that overtime will be reduced to partially fund the position. Ms. Zappala stated that there will be a new Assistant Superintendent, but the budget is increasing by only half of the salary, and the reduction in overtime will fund the other half. She stated that the intention is to reduce overtime, and also to bring in the Assistant Superintendent halfway through the year, so there will be a full year to achieve the savings in overtime. She stated that the new person would be on site to manage the day to day operations. She stated that the issue has been whether the foreman could cover the work. She stated that the foreman can't be expected to work at that level. Ms. Miller suggested that there could be help from the DPW administration. She noted that the other divisions in the DPW that have an Assistant Superintendent have more staff and more complex operations. Ms. Miller asked for a description of the duties for the proposed new Assistant Superintendent. Ms. Fitzpatrick stated that the metrics are included in the RTS staffing report, but that the need is not necessarily based on the number of people in the department. She stated that the need for the position is included in the RTS Staffing Report.

Ms. Zappala stated that since the Assistant Superintendent is in the budget, the Finance Committee needs assurance that the rest of the salary will be covered by overtime savings. She stated that the RTS cannot afford more cost structure than it has. She stated that she is reticent to interfere and say what is needed for management of the department. Ms. Fitzpatrick stated that the Town will not hire the Assistant Superintendent unless the RTS can bring in a budget next year that will cover the whole salary of the new position.

MOVED: By Mr. Connelly that the Finance Committee recommend adoption of Article 12: Appropriate the FY 2015 RTS Enterprise Fund Budget as shown in the article. Mr. Reilly seconded the motion.

DISCUSSION: Ms. Miller asked if the Board of Selectmen had voted on the elimination of the RTS sticker fee of \$640,000. Ms. Fitzpatrick stated that the Board did specifically vote to endorse that plan.

VOTE: The motion was approved by a vote of 6-0.

Articles Not Yet Acted Upon

MOVED: By Ms. Zappala that any articles for which no action has been taken, the Finance Committee's position appear in the printed 2014 Annual Town Meeting Warrant as "Recommendation to be made at Town Meeting." Mr. Connelly seconded the motion. The motion was approved by a vote of 6-0.

Finance Committee Updates

Mr. Lunetta stated that he had written a letter to the Editor of the Needham Times in response to an article last week about the process of the review of the School's supplemental budget. He stated that the letter should be printed this week, and that there would apparently be another article.

Mr. Creem stated that he went to the MBTA Advisory board Finance Committee meeting, since he is a member. He stated that the T will have a balanced budget, partially funded by the sales tax. He stated that there will be an increase in the assessment to communities, and that there will be some modest increase to service. There is some anticipated surplus which will be used to improve accessibility at some stations. He stated that the budget with a proposed fare increase needs to go through the legislature.

Adjourn

MOVED: By Ms. Zappala that the Finance Committee meeting be adjourned, there being no further business. Mr. Connelly seconded the motion. The motion was approved by a vote of 6-0, at approximately 8:50 p.m.

Documents: Town of Needham 2014 Annual Town Meeting Warrant, Draft dated 3.21.2014; Article 36: Rescind Debt Authorizations; Article information for Article 30: Amend District Agreement – Minuteman Regional Vocational District.

Respectfully submitted,

Louise Mizgerd,

Executive Secretary/Staff Analyst

Approved April 2, 2014; amended April 30, 2014